

Message Text

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ACTION NEA-07

INFO OCT-01 ISO-00 ONY-00 ES-01 /009 W

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R 120945Z JUL 76

FM AMEMBASSY DAMASCUS

TO SECSTATE WASHDC 8537

INFO AMEMBASSY CAIRO

AMEMBASSY KUWAIT

C O N F I D E N T I A L DAMASCUS 4497

LIMDIS

FOR NEA/ARN ONLY

E.O. 11652: GDS

TAGS: ETRD SY

SUBJ: CURRENT SYRIAN ATTITUDE TOWARD FORD MOTOR COMPANY

REF: CAIRO 9103 (NOTAL)

1. SUMMARY: MIN ECON IMADI INFORMED AMBASSADOR JULY 8 THAT WHILE SYRIA VERY MUCH WANTS TO HAVE FORD INVESTMENT IN SYRIA, FORD MUST STILL SATISFY BOYCOTT OFFICE. PRESIDENT ASAD WANTS IMADI TO PLAY THIS ONE VERY CAREFULLY AS ASAD BELIEVES EGYPT IS DELAYING ITS ACCEPTANCE OF FORD'S OFFER TO EGYPT OF LAST MARCH IN ORDER TO ALLOW SYRIA TO CARRY BURDEN OF REQUESTING REMOVAL OF FORD FROM BOYCOTT LIST (WITH IMPLICATION THAT EGYPT WOULD THEN MAKE POLITICAL ATTACK AGAINST SYRIA). WE BELIEVE IT STILL IN FORD'S INTEREST TO MAKE ATTRACTIVE PROPOSAL TO SYRIA SO THAT VALUE OF ECONOMIC BENEFIT MAY BE PLACED ON SCALES ALONGSIDE POLITICAL FACTORS. REQUEST DEPT DISCUSS WITH FORD REPS AND PROVIDE CONCERNED POSTS WITH STATUS REPORT. END SUMMARY.

2. AMBASSADOR TOLD MIN ECON IMADI JULY 8 HE HAD RECEIVED A LETTER FROM FORD TRACTOR OPERATIONS REP PETER D. GOUGH (LEADER OF THE FORD
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TRACTOR TEAM VISITING SYRIA FIRST TWO WEEKS OF MAY)

NOTING THAT FORD REPS PLANNED TO RETURN TO DAMASCUS IN JULY TO PRESENT PRELIMINARY TRACTOR ASSEMBLY PLANT PROPOSAL TO THE MINISTER, AMBASSADOR ASKED ABOUT FORD STATUS DURING JULY 8 REVIEW OF VARIOUS ECONOMIC MATTERS, FOLLOWING IMADI'S RETURN TO SYRIA AFTER SEVERAL TRIPS ABROAD, AND SPECIFICALLY IF THERE WERE ANY FURTHER GUIDANCE WE COULD GIVE FORD PRIOR TO ITS REPS' ARRIVAL.

3. IMADI REPLIED THAT HE IS WAITING FOR FORD TO INFORM HIM AND SARG HOW IT INTENDS TO GET OFF BOYCOTT LIST. IMADI SAID SYRIA VERY MUCH WANTED TO HAVE FORD WORKING IN SYRIA; MATTER WAS SO IMPORTANT, HE ADDED, THAT HE HAD SPECIFICALLY DISCUSSED FORD WITH PRESIDENT ASAD. ASAD, IMADI SAID, TOLD HIM TO BE VERY CAREFUL AS PRESIDENT WAS FEARFUL OF EGYPT WANTING TO GET SYRIA OUT IN FRONT IN EFFORT TO GET FORD OFF BOYCOTT LIST. IMADI QUOTED ASAD AS SAYING, "I DON'T NEED ANOTHER BLOW FROM EGYPT AT PRESENT."

4. IMADI EXPLAINED THAT SYRIA'S SUSPICIOUS VIS-A-VIS EGYPT WERE AROUSED BY EGYPTIAN DELAY IN ACCEPTANCE OF FORD OFFER. HE SAID EGYPT HAD HAD FORD'S OFFER SINCE LAST MARCH, BUT HAD CONTINUED TO DELAY POSITIVE RESPONSE TO FORD. TO IMADI, AND PRESUMABLY PRESIDENT, THIS MEANT EGYPT WAS STALLING PENDING DEFINITE FORD OFFER TO SYRIA AND WOULD AWAIT SYRIA'S TAKING LEAD WITH BOYCOTT OFFICE TO REQUEST REMOVAL OF FORD FROM BOYCOTT LIST. AS SOON AS SUCH SYRIAN ACTION WERE TAKEN, IMADI PREDICTED THAT EGYPT WOULD ATTACK SYRIA AS BEING SOFT ON BOYCOTT AND TAKE ADVANTAGE OF SUCH SYRIAN MOVE TO MOUNT YET ANOTHER POLITICAL ATTACK AGAINST DAMASCUS.

5. IMADI SAID HE WANTED TO HELP FORD WITH BOYCOTT OFFICE AS HE HAD INFORMED GOUGH, AND WOULD BE PLEASED TO PUT FORD REPS TOGETHER WITH BOYCOTT COMMISSIONER MAGHOUB ANYTIME FORD WISHED. GOUGH HAD REPLIED DURING HIS STAY IN DAMASCUS THAT SUCH MATTERS WERE BEYOND HIS BRIEF; THERE WERE OTHERS IN FORD WHO WERE EXPERTS IN THESE MATTERS AND THEY WOULD BE RESPONSIBLE FOR HANDLING

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SUCH QUESTIONS.

6. COMMENT: LAST WE HAVE SEEN RE FORD IN EGYPT IS CAIRO 9103 OF JULY 6 REPORTING FOR FIRST TIME FAHMY'S NEGATIVE ATTITUDE TOWARD FORD PROJECT IN EGYPT. REASONS FOR EGYPTIAN DELAY OF FORD OFFER APPEAR TO BE ECONOMIC, AND HOW SIZE OF OFFER IMPINGES ON EGYPTIAN POLITICAL WILLINGNESS TO TAKE LEAD IN REMOVING FORD FROM

BOYCOTT. WHETHER EGYPT ALSO HAS OTHER POLITICAL MOTIVE BEHIND ITS DELAY, I.E., LET SYRIA TAKE THE LEAD, IS UNCLEAR. BUT, AS NOTED ABOVE, THIS IS PERCEPTION SAID TO BE HELD AT HIGHEST LEVELS IN SYRIA AND IT LOOKS TO US AS IF FORD IS ON A DELICATE TIGHTROPE IN POSSIBLE EGYPTIAN/SYRIAN ACT OF ALPHONSE AND GASTON.

7. FORD REPS GOUGH AND HISHAM A. ROUSHDY (ASST TO E.P. WILLIAMS, PRES FORD M-E AND AFRICA) ARE FULLY FAMILIAR WITH IMADI'S POSITION LATE IN MAY: SARG NOT WILLING TO OVERRIDE RULES OF BOYCOTT OFFICE AND FORD MUST RESPOND TO LETTER ALREADY RECEIVED LAST YEAR FROM BOYCOTT OFFICE. IMADI INFORMED US IN MAY HE MADE IT CLEAR TO GOUGH THAT FORD INVESTMENT IN AL FRAT TRACTOR PLANT UNDER SYRIAN DECREE 428 WOULD NOT BE SUFFICIENT ACTION BY ITSELF TO RELIEVE FORD PRODUCTS FROM BOYCOTT IN SYRIA. DECREE 428 IS NOT AN "EITHER/OR" FORMULATION; FORD ITSELF MUST "SATISFY" BOYCOTT OFFICE.

8. A FACTOR OF UNKNOWN IMPORTANCE AT THIS POINT IN COMPLEX EGYPT-SYRIAN-U.S.-FORD-AND BOYCOTT OFFICE EQUATION IS WHAT SYRIAN RESPONSE TO FORD WILL ACTUALLY BE WHEN COMPANY'S OFFER ON AL FRAT TRACTOR PLANT IS RECEIVED. SARG WOULD THEN HAVE TO WEIGH LIBERAL OR HARDLINE INTERPRETATION OF RESPONSE TO FORD AGAINST ECONOMIC BENEFITS TO BE OBTAINED BY SYRIA. AS NOTED TO AMBASSADOR BY IMADI ON JULY 8, SYRIAN/EGYPTIAN POLITICAL CONTEXT MAY BE OVERRIDING CONSIDERATION FOR SARG. EVEN THOUGH CURRENT CIRCUMSTANCES DO NOT BODE WELL FOR AMELIORATION OF THIS REGIONAL PROBLEM, WE STILL BELIEVE, AS WE DID IN MAY, THAT IT IS WORTH FORD'S EFFORT TO MAKE AN ATTRACTIVE (TO BOTH SYRIA AND THE COMPANY) PROPOSAL WHEN FORD REPS RETURN TO CONFIDENTIAL

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DAMASCUS.

9. RECOMMEND DEPT DISCUSS ABOVE WITH FORD REPS WILLIAMS AND FREDERICKS AND PROVIDE US WITH STATUS REPORT.
MURPHY

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AUTOMOTIVE INDUSTRY, FOREIGN INVESTMENTS, FOREIGN INVESTMENT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JUL 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DAMASC04497
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760267-0788
From: DAMASCUS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760769/aaaaciocd.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 76 CAIRO 9103
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <06 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CURRENT SYRIAN ATTITUDE TOWARD FORD MOTOR COMPANY
TAGS: ETRD, SY, FORD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006